

APPROVED - 12/9/15

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CITY OF FLINT
RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING

WEDNESDAY, OCTOBER 14, 2015

2:04 P.M.

Meeting before the RTAB Board at
1101 S. Saginaw, 3rd Floor, Council Chambers,
Flint, Michigan, on Wednesday, October 14, 2015.

BOARD MEMBERS:

Frederick Headen, Chairperson
Robert McMahan, Member
Brian Larkin, Member
David McGhee, Member
Beverly Walker-Griffiea, Member

ALSO PRESENT:

R. Eric Cline (Department of Treasury)
Natasha Henderson (City Administrator)
Jody Lundquist (Director of Finance)
Mayor Dayne Walling (City of Flint)

MEMBERS OF THE PUBLIC ADDRESSING THE BOARD:

Eric Mays
R.L. Mitchell

REPORTED BY:

Quentina R. Snowden, (CSR-5519)
Certified Shorthand Reporter,
Notary Public

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1 Wednesday, October 14, 2015

2 Flint, Michigan

3 2:04 p.m.

4 CHAIRPERSON HEADEN: Let's get
5 started, please. Meeting will come to order. First
6 item of business is the roll call. Let the record
7 reflect that all five members of the Board are here.

8 Next item of business is the approval
9 of the agenda you have before you. There's a
10 communication from the City Administrator to add to
11 our agenda Resolutions 872 and 875 from the City
12 Council meeting of October 12th. Is there a motion
13 to that effect, please?

14 MEMBER LARKIN: So moved.

15 MEMBER MCGHEE: Support.

16 CHAIRPERSON HEADEN: Without
17 objection, the agenda's amended to include those
18 resolutions. Are there other additions to the -- to
19 the agenda? Any member?

20 MEMBER McMAHAN: No, sir.

21 CHAIRPERSON HEADEN: If not, we'll
22 consider the agenda to be approved as amended.

23 Next item, the approval of the minutes
24 of our meeting of September 9th which were
25 previously sent to Board Members.

1 Are there any corrections or additions
2 to those? If not, is there a motion that the RTAB
3 minutes of September 9th be approved as written?

4 MEMBER MCGHEE: So moved.

5 MEMBER LARKIN: Support.

6 CHAIRPERSON HEADEN: Without objection
7 those minutes are approved.

8 Next item, Unfinished Business. I'm
9 not aware of any unfinished business pending before
10 this Board.

11 Item III, New Business. Mr. Mayor,
12 any items you would like to address?

13 MAYOR WALLING: Yes. Good afternoon.
14 As Mayor, Flint safety will always be my top
15 priority. And I want to personally bring to your
16 attention the fact that we now know that children in
17 the City of Flint have been exposed to dangerously
18 high lead levels in the water. This has been
19 devastating news for our community. It's
20 unacceptable, it's infuriating. And we have been
21 moving quickly to take the steps necessary to
22 protect the public's health. We've made moving back
23 to Detroit water the first priority, because it's
24 the fastest way to bring in additional corrosion
25 control.

1 The City's Safe Drinking Water and
2 Technical Advisory Committee met last week and made
3 that recommendation, at which time, myself, the City
4 Administrator agreed that the City would work to go
5 in that direction. And we've been thankful for the
6 support to help us make that change.

7 While there's been some discussion
8 about the responsibility in this situation, and I
9 certainly agree that the State bears the greatest
10 responsibility for the problem since the Emergency
11 Manager decided to use the river as an interim
12 source, my objective is to get safe water to Flint
13 as fast as absolutely possible.

14 And I agree to pledge \$2 million
15 towards the \$12 million that it's estimated cost to
16 move back to Detroit.

17 After consulting with the City
18 Administrator, I would request that you support the
19 budget amendment that's before you today for that
20 \$2 million to become available for the purpose of
21 reconnecting back to Detroit. We also have the
22 pledge of \$4 million from the CS Mott Foundation.
23 The City Administrator is working to get that
24 agreement in place. And we know we have many
25 working on our behalf, including the Governor and

1 our State Representatives and Senator here in this
2 community, for the State Legislature to follow
3 through on the Governor's pledge of \$6 million.

4 I also want to acknowledge that we
5 know Flint has infrastructure problems that go
6 beyond this one issue of water supply, but it has
7 been determined that the corrosion control that's in
8 the Detroit water is necessary for our distribution
9 system. The stability of the lake water that the
10 Detroit System uses is a way to get our system
11 stabilized in the very short-term while we continue
12 to move towards the Lake Huron KWA pipeline next
13 spring.

14 Our distribution system continues to
15 need work. We've recognized the challenge of lead
16 service lines in our community and we're going to
17 need to continue to talk about all of the
18 precautions that we need to take, with filters and
19 with flushing and testing our systems. And the
20 State and the Governor are also pursuing additional
21 resources to assist our community with that. The
22 community's response has been incredible. We've had
23 an outpouring of support that's ensured that bottled
24 water and filters are being made available,
25 especially to our kids and our most vulnerable

1 families. And those interim steps are going to
2 continue to be necessary as we make the transition
3 to Detroit, and as we improve our infrastructure
4 system.

5 So again, I'd just like to reiterate
6 as I have in other meetings, I don't want to take
7 too much of your time, but the importance of this
8 budget amendment that's before you and the companion
9 resolution which the City Council also approved,
10 we're asking for the City Administrator to have the
11 authority to execute the necessary agreements as
12 quickly as possible with both the Genesee County
13 Drain Commission for the transmission of water to
14 this community and also the Detroit Water and Sewage
15 District at the cost estimates that they provided to
16 us, that needs to be turned into an actual contract.
17 And the time is so much of the essence on this.
18 We've committed to have the reconnection back to
19 Detroit in less than two weeks. We believe we're
20 days away from being able to make that happen, which
21 is very good news for our community. And with your
22 support, we expect that to continue to proceed.

23 And know that I'll continue to fight
24 for additional resources to improve our
25 infrastructure system. This is not the last you're

1 going to hear of water. We're going to continue to
2 work on this. I have outstanding requests to the
3 Governor of \$28 million for lead service line
4 replacements, and also the gap in our Capital
5 Improvement Plan and infrastructure needs. The
6 State did provide us \$2 million earlier this year
7 from the Financially Distressed Cities and Townships
8 Fund. We're thankful for that, but we do need much
9 more investment in our infrastructure and we'll
10 continue to work on that and hope to be able to
11 bring those amendments to you as those funds are
12 committed, because they are outside of our adopted
13 budget, but they're necessary for our community as
14 they become available. Thank you.

15 CHAIRPERSON HEADEN: Thank you, Mayor.
16 I don't see City Council President Freeman here.

17 We will move on to item III B (1),
18 Resolutions from the Regular City Council meeting on
19 September 14th, 2015. We'll deal with Resolution
20 817 in a moment, we'll separate it out. But the
21 main resolutions are 798, 828, 829, 830, 794 from
22 that meeting. Is there a motion that those
23 resolutions to be approved.

24 MEMBER McMAHAN: Mr. Chairman, I would
25 like to just take a moment to -- I will be

1 abstaining from this discussion, given that 830
2 involves my institution.

3 CHAIRPERSON HEADEN: Thank you. So
4 noted. Is there a motion for those resolutions to
5 be approved?

6 MEMBER LARKIN: So moved.

7 CHAIRPERSON HEADEN: Is there support?

8 MEMBER WALKER-GRIFFEA: Support.

9 CHAIRPERSON HEADEN: Motion is made
10 and seconded. Is there any discussion concerning
11 those resolutions? If not, those in favor of the
12 motion, please say "Aye."

13 (All ayes.)

14 CHAIRPERSON HEADEN: Opposed? Motion
15 is adopted. That brings us to Resolution 817, which
16 is a budget amendment. Can either the City
17 Administrator or Finance Director speak to that
18 proposed budget amendment?

19 MS. LUNDQUIST: Good afternoon.

20 MEMBER LARKIN: Good afternoon.

21 MS. LUNDQUIST: As you'll see, the
22 budget amendment that's proposed is just a small
23 amount of activity. This fund itself, the 246 Fund,
24 had been overlooked in the adoption of the fiscal
25 year 2016 budget. So, this simply accounts for the

1 projected activity for the fiscal year '16 and
2 adopts the budget, with no changes in protected
3 activity or events of note.

4 CHAIRPERSON HEADEN: Thank you.
5 Questions? Is there a motion then that Resolution
6 817 be adopted?

7 MEMBER MCGHEE: So moved.

8 CHAIRPERSON HEADEN: Is there support?

9 MEMBER McMAHAN: Support.

10 CHAIRPERSON HEADEN: Motion has been
11 made and seconded. Those in favor, please say
12 "Aye."

13 (All ayes.)

14 CHAIRPERSON HEADEN: Opposed? The
15 motion is adopted. That brings us to Resolutions
16 from the regular City Council meeting of
17 September 28th. And again, we separated out
18 individual resolutions we'll deal with in a moment,
19 leaving as a group, Resolutions 830, 844, 847, 848,
20 849, 850, 853, and 855. Are there any questions
21 about those resolutions?

22 MEMBER LARKIN: Are we going to do
23 844?

24 CHAIRPERSON HEADEN: Yes.

25 MEMBER LARKIN: Just a quick question

1 for clarity. And actually, Eric, I think you
2 mentioned it a bit. The match for the police
3 liaison, the 50/50 match, does that change where
4 we're already expecting to pay with -- what we had
5 budgeted? Has it changed or --

6 MR. CLINE: No, I believe this is an
7 agreement that was reached at the school district
8 that they are splitting costs of the liaison officer
9 on a shared basis. I believe those funds were
10 already programmed into the budget before then and
11 this is the agreement. I don't know if anyone will
12 elaborate on that, but that is my understanding.
13 So, I believe this is not connected to the prior
14 motion from a couple meetings ago for the additional
15 officers.

16 MEMBER LARKIN: No. All right.

17 MR. CLINE: Does that answer your
18 question?

19 MEMBER LARKIN: Yes. I just wanted to
20 know if maybe the schools were coming in and now the
21 costs got reduced or we were doing more. It seems
22 like there was no change.

23 MR. CLINE: Correct.

24 MEMBER WALKER-GRIFFEA: 851, is
25 that --

1 CHAIRPERSON HEADEN: 851 is one of the
2 items that were separated out.

3 MEMBER WALKER-GRIFFEA: Okay. Thank
4 you.

5 CHAIRPERSON HEADEN: So, is there a
6 motion that resolutions 830, 844, 847, 848, 849,
7 850, 853, and 855 from the regular City Council
8 meeting September 28th be approved?

9 MEMBER McMAHAN: Mr. Chairman, again,
10 with 830 I have to recuse myself and abstain from
11 participation.

12 CHAIRPERSON HEADEN: Thank you.

13 MEMBER LARKIN: So moved.

14 CHAIRPERSON HEADEN: Is there support?

15 MEMBER WALKER-GRIFFEA: Support.

16 CHAIRPERSON HEADEN: Proposal has been
17 made and seconded. Is there any discussion? If
18 not, those in favor of the motion, please say "Aye."

19 (All ayes.)

20 CHAIRPERSON HEADEN: Opposed? Motion
21 is adopted.

22 That brings us to several individual
23 resolutions, beginning with 842. Would someone from
24 the City, please assist us in terms of indicating
25 what that particular resolution does?

1 MS. HENDERSON: Good afternoon,
2 everyone.

3 MEMBER LARKIN: Good afternoon.

4 MS. HENDERSON: 842. The resolution
5 to reprogram the unspent HOME Investment Partnership
6 Funds. These are funds that we have, that need to
7 be reprogrammed, need to be utilized, and this is
8 the way that we are proposing to utilize these
9 funds. It is actually attached -- in the
10 resolution, it does explain how we will be utilizing
11 these funds. It's \$250,000 for the purchase rehab
12 resale to Genesee County Habitat for Humanity to
13 rehabilitate and resell a duplex. And then we're
14 also going to reprogram \$150,000 for purchase rehab
15 resell to Flint NIPP to rehabilitate and resell up
16 to two homes.

17 The division also requests to
18 reprogram \$20,000 for operating to the Flint NIPP to
19 help conduct the preliminary planning and
20 feasibility work for the project.

21 We do believe that this is a great
22 investment in the community and this does help with
23 our housing, which we do definitely have a shortage
24 in housing. So that's why we have requested that we
25 reprogram these HOME dollars in this manner and it

1 is qualified -- it is qualified to reprogram it in
2 this manner.

3 MEMBER LARKIN: Can I ask, what was
4 the intention of the original purpose of the HUD
5 dollars when you originally received them, what was
6 the designed purpose?

7 MS. HENDERSON: The HOME Funds,
8 there's a number of things that you can do
9 specifically with HOME funds, any HOME funds. They
10 are definitely all going to be about housing. It's
11 just how you utilize them to be able to do that.
12 And these are not the CDBG Funds, these are not the
13 allocation that the City uses specifically for CDBG.
14 These are specifically HOME Funds that has to be
15 used for home purposes.

16 MEMBER LARKIN: So, whenever we
17 utilize them, do we have to reprogram them -- I
18 guess what I'm trying to understand right now --

19 MS. HENDERSON: These are funds that
20 we have available, that we either utilize them or
21 something else --

22 MEMBER LARKIN: Yeah. That's all I
23 was asking, are the dollars --

24 MS. HENDERSON: Yeah.

25 MEMBER LARKIN: Okay. So this is --

1 MS. HENDERSON: Yes, sir.

2 CHAIRPERSON HEADEN: Other questions
3 about 842? Is there a motion then that Resolution
4 842 be approved?

5 MEMBER WALKER-GRIFFEA: So moved.

6 CHAIRPERSON HEADEN: Is there support?

7 MEMBER LARKIN: Support.

8 CHAIRPERSON HEADEN: Those in favor,
9 please say "Aye."

10 (All ayes.)

11 CHAIRPERSON HEADEN: Opposed?

12 Resolution 842 is approved.

13 Resolution 843, please.

14 MS. HENDERSON: Yes. This resolution
15 is to process a budget amendment to add the funds
16 that we have received from the USDA. And that
17 increases the budget by \$200,000.

18 CHAIRPERSON HEADEN: Questions
19 regarding Resolution 843?

20 MS. HENDERSON: And this is -- I would
21 like to point out that this is for Chevy -- well,
22 Chevy Commons. And it will be for the -- the --
23 this will be a part of the phase two. You can
24 already see the work that's going on around Chevy
25 Commons. It was Chevy-in-the-Hole. The Chevy

1 Commons.

2 CHAIRPERSON HEADEN: Questions? Is
3 there a motion for Resolution 843?

4 MEMBER MCGHEE: So moved.

5 CHAIRPERSON HEADEN: Support?

6 MEMBER LARKIN: Support.

7 CHAIRPERSON HEADEN: Those in favor of
8 the motion, please say "Aye."

9 (All ayes.)

10 CHAIRPERSON HEADEN: Opposed? Motion
11 is approved. Resolution 845.

12 MS. HENDERSON: Yes, this is a budget
13 amendment. There was some funding that we did not,
14 in the fourth quarter amendment, get to the FY16
15 budget. It wasn't included in the budget. And this
16 actually pertains to a project that we've had going
17 on for a number of years, the Smith Village project,
18 and then also the NSP project as well. We are
19 trying to get these homes sold. We've had some
20 vandalism. We've had some things that were not
21 necessarily done correctly by some of the
22 contractors. This has gone on for a number of
23 years. So, we are requesting to be able to -- this
24 is not new funding, for the most part it's moving --
25 we had this program for last fiscal year and we

1 didn't get to utilize that funding in last fiscal
2 year, so we are simply moving it over to this fiscal
3 year so that we can utilize it. And the importance
4 of getting this approved, is so that we can make a
5 lot of the necessary repairs, because we've had a
6 lot of break-ins, a lot of theft, as far as like the
7 fixtures in the homes, we need to be able to do that
8 so that we can get these homes sold. And we've been
9 working on this -- I think this has been probably an
10 eight- or nine-year project with some of these
11 homes.

12 CHAIRPERSON HEADEN: Are there
13 questions concerning Resolution 845?

14 MEMBER McMAHAN: Yes, Mr. Chairman. I
15 was wondering, it specifies the purpose of
16 completing CDBG Housing and Smith Village Housing,
17 so that's consistent with it. And then it says for
18 unbudgeted economic development activities in the
19 community. That's kind of a catch-all. What is
20 that?

21 MS. HENDERSON: Unbudgeted economic
22 development activity, which I think that one -- that
23 would refer to the -- one of our program managers
24 actually does a lot of the economic development, so
25 there is a number of hours that's dedicated there

1 that was, like, not -- that was omitted from this
2 budget, because we have a contract with the Chamber
3 For Economic Development Services, however, there
4 are some services that we do have to keep in-house,
5 and that was not accounted for. So, that's why
6 that's in here, because -- and that will -- and I
7 can give you an example of that. That would be like
8 our -- when we bring over score -- there are some
9 things in the City that we have to do in-house.
10 IFTs, there are some things we have to do in-house,
11 which takes some staff time to do that, but we have
12 to do that as a City as opposed an outside entity
13 being able to do those things.

14 CHAIRPERSON HEADEN: Other questions?
15 If not, is there a motion that Resolution 845 be
16 approved?

17 MEMBER WALKER-GRIFFEA: So moved.

18 CHAIRPERSON HEADEN: Is there support?

19 MEMBER LARKIN: Support.

20 CHAIRPERSON HEADEN: Motion is made
21 and supported. Those in favor of the motion, please
22 say "Aye."

23 (All ayes.)

24 CHAIRPERSON HEADEN: Opposed? Motion
25 is adopted. Resolution 846, please.

1 MS. HENDERSON: Okay. This is
2 actually the software that the City actually
3 utilizes for all of our accounting, for inspections,
4 soon to be business licenses. It would be in our
5 IT -- IT Department, basically, that manages this.
6 This is an agreement that was entered into, a
7 four-year agreement, with the Emergency Manager at
8 that time and we would like to continue it. And
9 it's actually an increase of \$1,446, and BS&A is
10 something that we have to utilize for the
11 functioning of operations such as our accounting,
12 all of that, we run that through that; our payroll,
13 for HR, we utilize this software. So, this is very
14 important. It just represents that we are
15 continuing with a contract to be able to continue to
16 be operational and be able to manage our budgets,
17 manage our input and output, accounts payable,
18 receivable, treasury department, all of our
19 departments depend upon this software.

20 CHAIRPERSON HEADEN: And funds are
21 currently budgeted for this?

22 MS. HENDERSON: Yes, sir.

23 CHAIRPERSON HEADEN: Questions? If
24 not, is there a motion for Resolution 846 to be
25 approved?

1 MEMBER McMAHAN: So moved.

2 CHAIRPERSON HEADEN: Is there support?

3 MEMBER WALKER-GRIFFEA: Support.

4 CHAIRPERSON HEADEN: Those in favor of
5 the motion, please say "Aye."

6 (All ayes.)

7 CHAIRPERSON HEADEN: Opposed? Motion
8 is adopted.

9 Resolution 851, please.

10 MS. HENDERSON: Resolution 851, this
11 is for the purchase for pipes, stainless steel
12 repair clamps and repair parts for the Water Service
13 Center. This is something that is definitely
14 needed. These are items that are -- that we would
15 have to purchase just at different times, because
16 this is what it takes to be able to operate a
17 distribution and filtration system. So, these are
18 items that we need for the repair and maintenance of
19 this system. And it does -- and I will note, no
20 matter what water source we're with, this is
21 something that's going to be needed.

22 CHAIRPERSON HEADEN: Are there
23 questions regarding Resolution 851?

24 MS. HENDERSON: And it is a budgeted
25 expenditure, I might add.

1 CHAIRPERSON HEADEN: If there are no
2 questions, is there a motion that Resolution 851 be
3 approved?

4 MEMBER MCGHEE: So moved.

5 CHAIRPERSON HEADEN: Is there support?

6 MEMBER McMAHAN: Support.

7 CHAIRPERSON HEADEN: Those in favor of
8 the motion, please say "Aye."

9 (All ayes.)

10 CHAIRPERSON HEADEN: Opposed? Motion
11 is adopted. Resolution 852.

12 MS. HENDERSON: Resolution 852
13 authorizes the City to retain Lake Agency to provide
14 excess liability insurance coverage. This is,
15 basically, something that's very standard. We do
16 have to have insurance, so we would like to continue
17 for two more years, and then of course we will see
18 if we can get a better price. However, insurance
19 doesn't necessarily ever go down, it usually goes
20 up, with insurance. So this is what that would be.
21 It's just basically to extend that service, and we
22 would like to continue with Lake Agency to provide
23 that liability insurance coverage. And this is a
24 budgeted expenditure.

25 CHAIRPERSON HEADEN: Questions

1 regarding Resolution 852? Is there a motion that
2 852 be approved, please?

3 MEMBER LARKIN: So moved.

4 CHAIRPERSON HEADEN: Is there support?

5 MEMBER McMAHAN: Support.

6 CHAIRPERSON HEADEN: Those in favor of
7 the motion, please say "Aye."

8 (All ayes.)

9 CHAIRPERSON HEADEN: Opposed?
10 Resolution 852 is adopted.

11 That brings us to 854.

12 MS. HENDERSON: Okay. This is
13 actually very similar in the sense that we would
14 like to provide excess liability insurance coverage.
15 This is something that has been -- we worked with
16 Lake Agency for this coverage, and it's definitely
17 something that is needed. A boiler is very
18 expensive, so we must have that type of coverage for
19 it. So, we believe this is acceptable, so this is
20 something that we have proposed and Council did
21 agree with that as well. And it is a budgeted
22 expenditure.

23 CHAIRPERSON HEADEN: Questions
24 regarding Resolution 854? Is there a motion that
25 854 be approved?

1 MEMBER MCGHEE: So moved.

2 CHAIRPERSON HEADEN: Is there support?

3 MEMBER LARKIN: Support.

4 CHAIRPERSON HEADEN: Those in favor of
5 the motion, please say "Aye."

6 (All ayes.)

7 CHAIRPERSON HEADEN: Opposed? Motion
8 is adopted. That brings us then to two resolutions
9 that we added to the agenda from the City Council
10 meeting a few days ago, Resolutions 872 and 875,
11 which the Board received I believe yesterday. While
12 we have you here, City Administrator, do you wish to
13 just summarize 872 and we'll see if we have any
14 questions?

15 MS. HENDERSON: Yes, actually, we --
16 this is -- of course, I'd like to echo a lot of the
17 things that the Mayor has already stated. We do
18 believe that it's in the best interest of the City
19 to reconnect to DWSD. We did have a local
20 foundation that actually has donated \$4 million for
21 us to be able to do that, and also the Governor has
22 stated support for \$6 million dollars. And with
23 this resolution, we have committed \$2 million. This
24 did go before Council, and Council unanimously
25 approved the \$2 million to be taken from fund

1 balance to support this. This is something that we
2 expect to happen in the next week or so. We are --
3 and this will also get into the second resolution,
4 because they basically are -- they both are combined
5 in the sense that we need both of these. Which
6 authorizes myself to enter into an agreement with
7 DWSD and Genesee County, to be able to -- to receive
8 the water and reconnect.

9 So, I would like to state that this is
10 something that definitely is priority, and even with
11 our policies that we -- in our policy, we do say
12 that we should always at all times have at least
13 25 percent of operating fund balance, however, this
14 is an emergency that I would see that you do take
15 from that fund balance to be able to do this,
16 especially when you have the Genesee County Health
17 Department releasing a public health advisory. The
18 City has released a lead advisory as well. So this
19 is something that I felt very strongly about,
20 because I don't take it lightly, when we do have to
21 go into fund balance to do anything when we're not
22 at the point in which the policy states that we need
23 to be.

24 Also, I just would like to note that
25 the City continues to deal with the order that we're

1 under, because of the water litigation that we're
2 going through, so that has slightly -- not slightly,
3 that has greatly decreased our fund balance as well,
4 with some of those -- with the projections that we
5 have. And that's something that we will be coming
6 to you with -- coming to you with on next meeting,
7 because I didn't want to pull too many items
8 forward, but I just want you to be aware that this
9 is something that we do feel very strongly about,
10 even though we have the situation with the
11 litigation that we're going through, and I believe
12 that it is in the best interest of the City to
13 pledge \$2 million and become reconnected to DWSD.

14 CHAIRPERSON HEADEN: And just to
15 clarify, am I correct that the fund balance to which
16 you refer, is fund balance in the water fund?

17 MS. HENDERSON: Yes, sir.

18 CHAIRPERSON HEADEN: Okay.

19 MS. HENDERSON: And it's actually
20 the water and sewer fund, because those bills are
21 together. So, when you don't make one bill, you're
22 just not paying both of those bills. So we have
23 amended the water and sewer revenues as well, both
24 of those we've had to do that and we've also halted
25 a number of our capital improvement projects, as

1 well.

2 CHAIRPERSON HEADEN: Questions?

3 MEMBER WALKER-GRIFFEA: I have a
4 question. I know in your original letter it said
5 the general fund balance, so that was where I had
6 looked. So, I didn't have the opportunity to look
7 at the water fund balance. So how much is left --

8 MS. HENDERSON: I would say the -- oh,
9 in the letter?

10 MEMBER WALKER-GRIFFEA: In the initial
11 letter it said, "General" which is --

12 MS. HENDERSON: It was really water,
13 and that's why I gave you all the new letter. And I
14 never did state what was in the -- the -- in the
15 fund, because those amendments will come to you next
16 week, but since you have asked I do have them right
17 in front of me.

18 Okay. We would be left with about a
19 little bit over \$6 million as a fund balance at that
20 point, at the point in which we bring this amendment
21 forward.

22 MEMBER LARKIN: What's the 25 percent?
23 What was --

24 MS. HENDERSON: We should have about,
25 what, 4 million -- we should have 17 --

1 MEMBER LARKIN: So 17 is the number
2 that you want to be at?

3 MS. HENDERSON: Yes, that's where we
4 need to be at.

5 MEMBER WALKER-GRIFFEA: Instead of \$6
6 million.

7 MS. HENDERSON: Oh, that's water and
8 sewer. And we had to reduce both because in --
9 because we have things going on as relates to the
10 sewer as well. So, when I say "Water" I mean, water
11 and sewer. So, it all will be -- you all get one
12 bill for your water and sewer.

13 MEMBER McMAHAN: So, this is a
14 combination of funds 590 and 591 --

15 MS. HENDERSON: Yes, sir, that is
16 correct.

17 MEMBER McMAHAN: Okay.

18 MEMBER LARKIN: And so, it was also
19 mentioned in the letter that there be a plan to
20 rebuild the fund or something of that nature. I'm
21 trying to get the exact language. But what we would
22 have to rebuild over time is 9 million, is that what
23 we need to build back up; is that correct?

24 MS. HENDERSON: If we don't -- we'll
25 have to continue to rebuild, however at this point,

1 how we get there, we -- a lot of things depend on
2 how the litigation goes. So, how we can actually
3 have that plan of action. The first -- something
4 that we've done proactive now, is that the capital
5 improvement projects, all of those, unless we had to
6 have them, for the switch to KWA, those have all
7 been halted, all of them.

8 MEMBER LARKIN: Roughly, what impact
9 has that been?

10 MS. HENDERSON: There was like
11 eight -- seven -- 7.2 million for the projects and
12 then also in addition to that, we froze about
13 1.2 million in jobs as well. Like, we didn't fill
14 those positions that were slated to be filled.

15 MEMBER LARKIN: One thing I'm
16 interested in, and this isn't a direct question, but
17 I don't know if we can calculate it, but how much we
18 will end up losing -- the reason we have those
19 capital projects set up, is because we need those
20 fixes over time, because things are deteriorated and
21 how much more is it going to cost us, because we
22 have to hold? I'm wondering how we can get to that
23 -- it's not really a direct question, but it's
24 something that we also have to consider.

25 MS. HENDERSON: That's something --

1 this is very devastating. Everything that's
2 happening right now with the litigation, it's
3 devastating the City. So, those two funds are
4 definitely suffering as a result of this. So, we
5 are coming up with things to try to curtail the
6 effect -- the impact. However, at this point, we
7 have found like, roughly, let's say, almost
8 \$9 million to take out of the budget. However, we
9 are billing at a lower rate, because of the order.
10 And then also, the bills that individuals had at
11 that time, they do not have to pay those bills. So,
12 we're billing lower, and even at that point, we had
13 a lot of outstanding bills. We have to take into --
14 and all of that is taken into consideration with the
15 amendment that we will bring, the first quarter
16 amendment that we will bring forward in the next
17 meeting.

18 MEMBER LARKIN: I'm going to ask for a
19 brief view of that. Do we have any projections as
20 to how much the decrease will be in our revenue
21 based on that water piece? So, I know we've
22 decreased our expenses by about \$9 million, and do
23 we know kind of what we projected. Worst case
24 scenario if --

25 MS. HENDERSON: I can tell you what we

1 decreased in -- in the charge of services for the
2 sewer fund and for the water fund. So, 5.9 million
3 for sewer fund, and 8.5 for the water fund.

4 MEMBER LARKIN: Gosh. Thank you.

5 MEMBER MCGHEE: Who -- who -- out of
6 all of the municipalities -- this is a KWA question.
7 Out of all of the municipalities that would benefit
8 from KWA once it's built, who are the current
9 financial partners paying for --

10 MS. HENDERSON: They would be the
11 County, because the County -- those are their -- the
12 other cities that receive their water from the
13 County, they are County customers. So it will be
14 the City of Flint and the County. So, we're
15 responsible for that fund. Of course, that is split
16 amongst us, you know, both entities and it's not
17 half and half.

18 MEMBER MCGHEE: Right.

19 MS. HENDERSON: However, I will note
20 that we do have a \$6 million bond payment that is
21 due this fiscal year.

22 MEMBER MCGHEE: Is there any thought
23 that we will not be able to take care of that bond?

24 MS. HENDERSON: No, this takes into --
25 this -- this amendment does take that into

1 consideration, because it's already a part of the
2 budget, so we take that into consideration with the
3 amendment. We have that budgeted to do so.

4 MEMBER MCGHEE: Okay.

5 MEMBER McMAHAN: So, the numbers that
6 you just revealed would indicate that we have
7 \$14 million fund decrease in revenues in water?

8 MS. HENDERSON: Yes.

9 MEMBER McMAHAN: And \$9 million --

10 MS. HENDERSON: I would like to be
11 clear, that's over the whole fiscal year.

12 MEMBER McMAHAN: Fiscal year, you have
13 \$9 million decrease in expenditures associated with
14 those funds?

15 MS. HENDERSON: Yes.

16 MEMBER McMAHAN: And so simple math
17 gives us approximately \$5 million.

18 MS. HENDERSON: \$5 million -- that's
19 correct.

20 MEMBER McMAHAN: Can you -- and this
21 is maybe an unfair question and I'm happy to -- if
22 you want to push back and say it's an unfair
23 question, but it would be -- would be helpful to, in
24 your scenario plans, looking out for the remainder
25 of the fiscal year, knowing that we will connect, on

1 current schedule, to KWA June of 2016. There could
2 be slippage in that, naturally. Can you kind of
3 frame best and worst case scenarios for the
4 remainder of the fiscal year for us? What we are
5 looking at on the event horizon for the remainder of
6 the fiscal year?

7 MS. HENDERSON: In reference to KWA?

8 MEMBER McMAHAN: With respect to the
9 finances, the City financial budget as reflecting
10 these. So, assuming that, you know, worst case
11 scenario, assuming best case scenario assumption,
12 what you're kind of planning. Just to give us a
13 sense about what's coming.

14 MS. HENDERSON: Okay. The worst case
15 scenario would be that we don't -- we don't meet the
16 targets that we have in this amendment. And
17 amendments -- just so that you all know, we will be
18 amending -- bringing amendments every quarter. So
19 if we don't see that we're meeting these
20 projections, we'll amend up or down with revenues.
21 And that also goes for the expenditures as well.

22 So, given that scenario, there is not
23 a good scenario in this, because to bring this
24 amendment forward and have to amend the budget to
25 this type of fund balance in the first place, that's

1 a terrible scenario, in my opinion.

2 And the -- the -- I guess the worst
3 scenario would be that this fund goes into a
4 deficit. And there's been so much work that's been
5 put in by various individuals over the past few
6 years to ensure that we're not in that position.
7 We've been on a really good track and had projects
8 that we were slated to do and to ensure that the
9 infrastructure is good, because no matter where we
10 get water from, it doesn't matter if our
11 infrastructure is not good.

12 So a worst case scenario is this fund
13 goes into a deficit. And that's a possibility at
14 some point past this time, because there's some
15 projects that just need to be done. There is
16 regular maintenance that you do, and there's various
17 things -- we a very aged system. And a lot of these
18 capital projects need to be done. And that is why
19 the Mayor has already asked the State to help us
20 with that, because we need a lot of these capital
21 improvement projects, and we were well on our way to
22 getting there, and this has halted us. I mean,
23 think about the tremendous effect that in your first
24 quarter that you have to come and amend your budget,
25 amend your revenue over \$8 million. That's a huge

1 setback.

2 So, this, to me, is the worst case
3 scenario, and I just hope that our projections and
4 that the revenue flow can actually -- maybe with
5 DWSD, that restores the public confidence and more
6 people will be willing to pay their bills, because
7 right now, quite frankly, that is not happening.
8 I'm not saying everyone is not paying their bill,
9 I'm not trying to say that, however, I'm saying we
10 can look over a time period and see how much we
11 usually -- how many bills are usually paid, as
12 opposed to how many are paid now. We can look at
13 that from month-to-month. We can even go back the
14 previous year, we can compare it. So we can -- we
15 can definitely see that this financially does hit
16 the City. And we have to be forthcoming in bringing
17 an amendment that reflects such.

18 And a good case scenario would be that
19 the water litigation, is that we are vindicated in
20 that in some ways, because it really impacts the
21 City for a judge to say that there cannot be any
22 turn-offs based on your bills. So, to say -- to
23 have the authority to say no shut-offs at all, so
24 that means, don't pay your bills, you don't have to,
25 the City cannot do anything.

1 MEMBER LARKIN: I have a question.
2 You mentioned, and the Mayor has mentioned as well,
3 working in coordination with the State. In
4 proposing this or in conversations with this, has
5 there been conversation with Treasury? I suppose we
6 can ask the representatives here as well, on what
7 impact this will have on the City moving forward.
8 So we are in place, because we have moved to a
9 certain step of receivership process. Does making
10 this decision about this \$2 million, are they okay
11 with this? Is this something that they think was
12 necessary, it wouldn't necessarily move us backwards
13 along the receivership timeline?

14 MS. HENDERSON: No, I don't believe
15 that -- I don't believe that the Governor would have
16 pledged \$6 million if that were the case. If you
17 don't have confidence in your water source, and
18 that's -- everyone feels that way in a majority and
19 it's on the news a lot, health advisory, you have
20 the medical community out there, I think we're doing
21 ourselves more of a disservice not to take the
22 \$2 million and hope that that will help us be able
23 to retain some of the revenue that we're already
24 losing.

25 CHAIRPERSON HEADEN: Other questions?

1 MS. HENDERSON: Thank you.

2 CHAIRPERSON HEADEN: Is there a motion
3 that Resolution 872 be approved?

4 MEMBER WALKER-GRIFFEA: So moved.

5 CHAIRPERSON HEADEN: Is there support?

6 MEMBER McMAHAN: Support.

7 CHAIRPERSON HEADEN: Motion has been
8 made and seconded. Those in favor of the motion,
9 please say "Aye."

10 (All ayes.)

11 CHAIRPERSON HEADEN: Opposed? Motion
12 is adopted.

13 That leaves the corollary resolution
14 875 which would authorize City Administrator to
15 enter into any contracts with regards to
16 reconnecting to the Detroit water system with either
17 DWSD or the Genesee County Drain Commission.

18 Any questions about Resolution 875?
19 If not, is there a motion that Resolution 875 be
20 approved?

21 MEMBER LARKIN: So moved.

22 CHAIRPERSON HEADEN: Is there support?

23 MEMBER McGHEE: Support.

24 CHAIRPERSON HEADEN: Motion has been
25 made and seconded. Those in favor of the motion,

1 please say "Aye."

2 (All ayes.)

3 CHAIRPERSON HEADEN: Opposed?

4 Resolution 875 is adopted. That concludes
5 Resolutions.

6 Item C, any City Administrator items
7 other than the budget to actual report?

8 MS. HENDERSON: No, sir. And if you
9 have any questions, I will defer to Ms. Lundquist.

10 CHAIRPERSON HEADEN: One question I
11 did have regarding that. Is there's a line item on
12 the -- in the General Fund under "Total revenues"
13 that said, "Drawing from Fund Balance." It's -- I
14 believe it's a negative \$1 million. If someone
15 could just point out what that is for my
16 edification.

17 MS. LUNDQUIST: Thank you. It's an
18 excellent question. And an example of the current
19 planning that the City of Flint had entered into
20 with the adoption of its fiscal years '15, '16 and
21 '17 budgets, it actually budgeted to set aside with
22 each of those budget years a million dollars to its
23 fund balance reserve. So, when you looked at the
24 bottom of the third column, the '15, '16 amended
25 budget, where you see the net revenues and

1 expenditures, there's \$2 in parentheses. Really
2 that reflects that a million dollars would remain
3 end of fiscal year and will be contributed to our
4 fund balance reserve as we try to attain the
5 percentage that was set by ordinance.

6 CHAIRPERSON HEADEN: Thank you.

7 MS. LUNDQUIST: Thank you.

8 CHAIRPERSON HEADEN: Other questions?
9 Without objection, the budget to actual report for
10 July 2015 will be received.

11 That brings us to Item IV on the
12 agenda, Public Comment. Do we have anybody who
13 indicated an interest?

14 MR. CLINE: We do have two individuals
15 for public comment. First individual is Eric Mays.

16 CHAIRPERSON HEADEN: And I'll remind
17 everyone that the previously adopted motion of
18 limiting public comment to no more than two minutes
19 per person remains in effect. Councilman?

20 MR. MAYS: Good evening. I'm familiar
21 with those rules, I would ask that you sometimes
22 extend those rules, especially in your capacity to
23 speak as an elected official and what we deem as an
24 emergency situation. You can listen, you cannot
25 listen, you can choose to talk privately. But as I

1 do my due diligence sitting in the seat that I've
2 taken oath of office to do, when I took that oath, I
3 took it based upon the Charter of the City of Flint.
4 Public Act 4, you know, I mentioned Mr. Headen,
5 under Public Act 72, we are under Public Act 436
6 now, and nothing in that Act tells me that an
7 Emergency Manager order can change or amend our
8 charter. As a matter of fact, we have a Charter
9 Review Commission looking at those things now.

10 Our Charter has been greatly amended
11 for me to do my job, in the sense that as the
12 legislative body, my job is to inquire, investigate.
13 It even says we can put people under oath and get
14 information as it relates to the quality of water --
15 and I stand here today a little dismayed, because I
16 asked two or three times, "What was the amount in
17 the water and sewer fund?" I was first told \$8
18 million, and then when I said "\$8 million", then I
19 was told "\$14 million." And now today, I hear back
20 to \$8 million. That was the sort of surplus I was
21 told had been taken. You asked the question last
22 meeting, I think, what was the expenditures and
23 revenues. I was told that it was -- at first \$8
24 million a month, it dropped to \$6 million and that
25 was a loss of \$2 million; reported in the news we

1 had 447 so customers a day drop down to 344.

2 I mean, I got good grades in school, I
3 listen well, I inquire and particularly the
4 important stuff. And then you changed your agenda,
5 you allowed the Council President to come -- when
6 you see me vote on stuff unanimously I think when
7 they come before you with a unanimous vote; if I
8 didn't get information I vote, no.

9 The point I'm trying to make is this:
10 I'm very serious about no slip-backs in finances.
11 And I'm very serious about giving information. You
12 have an order left by Ambrose that says you have
13 some power as it relates to us being able to amend
14 the Emergency Manager orders to give us the power to
15 inquire and so forth.

16 If I go over your time, and I'm trying
17 to do my due diligence for folks that come up to
18 you, and then you meet once a month, and we're
19 trying to communicate how to run a City to you, I
20 would hope that, you know, whether you actually say
21 it or suspend it, it is very difficult for me to
22 articulate in two minutes. I listen to the man. I
23 protest it, marched out, learn about water, TTA,
24 lead, finances and infrastructure. I say it's
25 Forest Gump having to learn about shrimp. And I'm

1 here to tell you, that if you guys think that
2 sometimes what you get here is what I'm getting, and
3 you not having to be here for us to communicate,
4 come to our Committee meeting some time. Sit in on
5 our Finance Committee meetings as individuals, sit
6 in on our Council meetings. I'm not confident yet
7 that we are doing all we need to do, and listening
8 to each other in order to travel around the City
9 correctly in open and honest way to get information.
10 People are pointing finger left and right. If
11 people listened earlier, I know for a fact, that
12 things can be said and done properly. I don't
13 believe that we, in certain situations, I don't
14 believe that people's projections will be right,
15 because good water will flow and people will use it
16 more, so forth and so on.

17 I also believe, as I'm being polite --
18 I know I violated the rules and I'll sit down. I
19 also note and believe that when people raise water
20 rates unlawfully, you can hope for a judge's
21 decision to change, but some of this stuff has to do
22 with -- Mr. Headen, you legal. Mr. Bade is legal.
23 It all works together, what you can and can't do in
24 their leadership position.

25 We got here because of the political

1 will. People didn't have the political will to
2 meet, don't have a political will to do their due
3 diligence. I'm asking you to have a political will
4 to amend the Emergency Manager order that allows me
5 to get good information, hold hearings and do my
6 job. By the time stuff get to you, I want to been
7 able to done my job. I want you to get good
8 information. I'm getting and hearing different
9 stuff and I'm getting very concerned at this point.

10 So, this is a red flag from me to you.
11 And this is the short version. I can talk just as
12 specific as the Emergency Managers and Mayor when
13 given a chance about finances and the mechanics of
14 how the City works both financial and legal. I'm
15 very concerned moving forward.

16 CHAIRPERSON HEADEN: Thank you,
17 Councilman.

18 MR. CLINE: The last individual is
19 R. L. Mitchell.

20 CHAIRPERSON HEADEN: Mr. Mitchell?

21 MR. MITCHELL: Yeah. I'm here to talk
22 about Public Act 432, I believe it is, about
23 financial management. She come to you asking your
24 permission, because we in the state of emergency and
25 the Mayor seems like he can't speak no more, because

1 the financial management, and I'm saying this for
2 the record. Thank you today.

3 Fred Tucker was murdered, one of the
4 councilmen previous. My house was broken into when
5 I was in a Council meeting Monday. And I thought
6 they must have thought I was dead, because they took
7 armored bars off the door and then I went to report
8 it and they said "What you owe somebody some money?"
9 When you ain't got any officer and the City is
10 getting turned around and no water and you -- they
11 act like you -- they give you the wrong information
12 up here in front of there and the Mayor and -- and
13 the Mayor is sitting right here, too.

14 And I'm going to leave it right there,
15 because Mays said it a direct political point to you
16 and you can figure it out. That's it.

17 CHAIRPERSON HEADEN: Thank you.

18 MR. MITCHELL: Yep.

19 MR. CLINE: That's all of the public
20 comment.

21 CHAIRPERSON HEADEN: Is there any
22 further business before the Board at this point? If
23 not, is there a motion that we adjourn?

24 MEMBER LARKIN: So moved.

25 CHAIRPERSON HEADEN: Is there support?

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MEMBER McMAHAN: Support.

CHAIRPERSON HEADEN: Without
objection, we're adjourned.

(Meeting adjourned at 3:00 p.m.)

C E R T I F I C A T E

I, Quentina Rochelle Snowden, do hereby certify that I have recorded stenographically the proceedings had and public comment taken in the meeting, at the time and place hereinbefore set forth, and I do further certify that the foregoing transcript, consisting of (46) pages, is a true and correct transcript of my said stenographic notes.

Dated: October 23, 2015



Quentina R. Snowden

Quentina R. Snowden, CSR-5519

Notary Public, Genesee County, Michigan

My commission expires: 1/4/2018